# NORTH CAROLINA GENERAL ASSEMBLY

## 2025 Session

# Legislative Fiscal Note

**Short Title:** Affordable Food Act.
**Bill Number:** House Bill 1057 (First Edition)
**Sponsor(s):** Rep. Pittman, Rep. Ager, Rep. Jeffers, and Rep. G. Pierce

## SUMMARY TABLE

**FISCAL IMPACT OF H.B. 1057, V.1 ($ in millions)**

| | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 |
|---|---|---|---|---|---|
| **State Impact** | | | | | |
| General Fund Revenue | - | - | - | - | - |
| Less Expenditures | 309 | 300 | 300 | 300 | 300 |
| **General Fund Impact** | **(309)** | **(300)** | **(300)** | **(300)** | **(300)** |
| **NET STATE IMPACT** | **(309)** | **(300)** | **(300)** | **(300)** | **(300)** |
| **Local Impact** | | | | | |
| Local Revenue | 52 | 69 | 69 | 69 | 69 |
| Less Local Expenditures | 52 | 69 | 69 | 69 | 69 |
| **NET LOCAL IMPACT** | **-** | **-** | **-** | **-** | **-** |

## FISCAL IMPACT SUMMARY

The bill establishes nutrition incentive programs under the federal Supplemental Nutrition Assistance Program (SNAP), offsets the loss of federal SNAP administrative receipts due to Public Law 119-21 (H.R. 1), and establishes a grocery store and food retail pilot program aimed at increasing access to nutritious foods in underserved areas. The bill includes a nonrecurring appropriation of $10 million and a recurring appropriation of $96 million from the General Fund to the Department of Health and Human Services (DHHS) to implement these changes.

The bill also appropriates $204 million recurring and $20 million nonrecurring to the Department of Agriculture and Consumer Services (DACS) for various food programs and for the Agricultural Development and Farmland Preservation Trust Fund (ADFPTF).

## FISCAL ANALYSIS

**Department of Health and Human Services**

**Sections 2.1-2.3**
Sections 2.1 and 2.2 direct DHHS to seek federal approval to operate a nutrition incentive program under SNAP, known in North Carolina as food and nutrition services (FNS), and amends Article 2 of Chapter 108A of the General Statutes to add a new section that would establish or expand nutrition incentive programs to increase the purchasing power of SNAP benefits for healthy foods. Section 2.3 appropriates $11 million recurring in FY 2026-27 from the General Fund to the Division of Social Services (DSS) to implement these requirements. The section does not specify an administrative spending cap and directs DHHS to use program funds for providing SNAP matching funds, funding program administration costs, conducting program outreach, and performing other nutrition incentive purposes authorized under this section. If DHHS does not get approval from the federal government to implement these programs, the bill specifies that these funds shall revert to the General Fund.

**Section 2.4**
This section appropriates a total of $85 million recurring in FY 2026-27 from the General Fund to offset the loss of federal receipts for the administrative costs of SNAP resulting from H.R. 1. Beginning October 1, 2026, H.R. 1 reduces the federal share of SNAP administrative costs from 50% to 25%, increasing the nonfederal share to 75%. In North Carolina, SNAP is administered by county departments of social services, which are responsible for their share of administrative costs. Of the $85 million appropriated in the bill, $69 million would offset the estimated increase in county administrative costs. The remaining $16 million would offset the increased administrative costs incurred by DHHS in its role of providing statewide support, oversight, and training for counties. These estimates are based on actual SNAP administrative costs incurred by DHHS and counties in FY 2024-25. Note that the full amount is not included in the first year of the Fiscal Impact Summary Table, as the nonfederal increase in the administrative cost share is effective October 1, 2026, and applies to only three-quarters of FY 2026-27. Subsequent years include the full $85 million appropriation.

It is worth noting that $12 million recurring was appropriated in FY 2026-27 to DHHS from the General Fund in S.L. 2026-41, 2026 Appropriations Act, for this purpose, reflecting three quarters of the annual cost. In subsequent fiscal years, the amount will be annualized to $16 million in the base budget for FY 2027-29. To date, no additional appropriation has been made to offset the increase in counties' administrative cost share.

**Section 5.2**
This section establishes a grocery store and food retail pilot program that provides loans and grants to rehabilitate, establish, or expand food retail outlets. The section directs DHHS to

consult with the Department of Commerce (Commerce) and DACS in the administration of the pilot program. The section authorizes DHHS to enter into public-private partnerships with financial institutions and non-profits to award grants or low-interest/forgivable loans to grocery stores and food retail outlets that offer a meaningful selection of staple groceries and fresh produce. The bill appropriates $10 million nonrecurring in FY 2025-26 from the General Fund to administer the pilot program established in this section. For the purposes of this analysis, the $10 million is accounted for in FY 2026-27 (since FY 2025-26 was already completed prior to publication).

The following table summarizes the appropriations to DHHS in H1057.

**Table 1:** Summary of H1057 Appropriations to DHHS ($ in millions)

| Purpose | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 |
|---|---|---|---|---|---|
| **Section 2.3:** Establishment or expansion of nutrition incentive program | $11 | $11 | $11 | $11 | $11 |
| **Section 2.4.(a):** NC DHHS SNAP administrative cost offset | $16 | $16 | $16 | $16 | $16 |
| **Section 2.4.(b):** County SNAP administrative cost offset | $69 | $69 | $69 | $69 | $69 |
| **Section 5.2:** Grocery store and food retail pilot program | $10 | - | - | - | - |
| Total: | $106 | $96 | $96 | $96 | $96 |

## Department of Agriculture and Consumer Services

H.B. 1057 appropriates $204 million recurring and $20 million nonrecurring to the Department of Agriculture and Consumer Services (DACS) for various food programs and the Agricultural Development and Farmland Preservation Trust Fund (ADFPTF). Because the bill contains appropriations, the fiscal impact of the bill is the amount appropriated. The following sections contain additional information about the programs and how they will be administered.

The following table summarizes the appropriations in H.B. 1057 for DACS.

**Table 2:** Summary of H1057 Appropriations to DACS ($ in millions)

| Purpose | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 |
|---|---|---|---|---|---|
| **Section 3.1:** State Food Procurement and Farmer Stabilization Program | $9 | $9 | $9 | $9 | $9 |
| **Section 3.2:** Farmland Preservation and Land Use | $47 | $47 | $47 | $47 | $47 |

| | | | | | |
|---|---|---|---|---|---|
| **Section 4.1:** Targeted Military and Veteran Food Assistance Program | $140 | $140 | $140 | $140 | $140 |
| **Section 4.2**: Strengthening Food Distribution Programs | $20 | - | - | - | - |
| **Section 5.1:** Mobile Markets and Food Bank Grant Program | $8 | $8 | $8 | $8 | $8 |
| Total: | $224 | $204 | $204 | $204 | $204 |

**Section 3.1**
This section appropriates $9 million recurring to establish a State Food Procurement and Farmer Stabilization Program within DACS. Through this program DACS will purchase locally grown food products for distribution to public and nonprofit food assistance programs. The section directs DACS to prioritize procurement from small and mid-sized farms, beginning farmers, historically underserved producers, and producers located in economically distressed or rural areas.

While there is no administrative spending cap specified, the section directs the department to use program funds for reasonable administrative expenses. DACS anticipates needing one additional Program Coordinator II full time equivalent (FTE) position to support the program as well as position start-up costs and annual operating needs such as travel, equipment, and educational supplies. The estimated annual administrative costs for this program are approximately $94,000, or 1.1%, of the total $9 million appropriation in FY 2026-27. The table below shows the itemized costs for administration of the program and for the five-year fiscal note period adjusted for inflation.

**Table 3:** Estimated administrative expenses to execute Section 3.1 of the bill.

| | **FY 2026-27** | **FY 2027-28** | **FY 2028-29** | **FY 2029-30** | **FY 2030-31** |
|---|---|---|---|---|---|
| Position Costs | $65,751 | $68,088 | $70,356 | $72,413 | $74,793 |
| Operating Costs | $28,500 | $20,455 | $20,893 | $21,261 | $21,609 |
| Total Administrative Costs | $94,251 | $88,543 | $91,249 | $93,674 | $96,403 |
| Administrative Percentage | 1.05% | 0.98% | 1.01% | 1.04% | 1.07% |

The remaining $8.9 million will be used by DACS to provide grants and pass through funds to partner organizations for them to procure, purchase, and distribute food in accordance with the program guidelines.

**Section 3.2**
This section expands the Agricultural Development and Farmland Preservation Trust Fund (ADFPTF) to include additional eligible entities and increases the recurring appropriation to the program by $47 million. ADFPTF is a grant program administered by DACS targeting the conservation of critical farmland in the State through the purchase of conservation easements, establishment of local farmland protection plans, and establishment of county voluntary agricultural districts. This bill would expand the program to include local governments and

nonprofit organizations as eligible recipients of farmland preservation grant funds as well as requiring ADFPTF to make technical assistance support available for local governments.

The ADFPTF program currently receives $7 million recurring, and an expansion of an additional $47 million would require additional administrative costs. The department anticipates needing three additional Program Coordinator III FTE staggered over a five-year period with a new Program Coordinator III position added every two years. With the additional availability in funds, the program is likely to grow each year as more counties and local governments sign onto the various programs, requiring additional staff administration for yearly program updates, reporting, and technical assistance. Additionally, these three FTE will require startup costs and annual operating costs such as travel, equipment, and field supplies. The estimated additional annual administration costs for this program are approximately $87,000 in FY 2026-27.

The table below shows the itemized costs for administration of the program and for the five-year fiscal note period adjusted for inflation.

**Table 4:** Estimated administrative expenses to execute Section 3.2 of the bill.

| | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 |
|---|---|---|---|---|---|
| Position Costs | $71,621 | $74,197 | $153,396 | $157,932 | $244,771 |
| Operating Costs | $15,000 | $11,500 | $29,000 | $30,000 | $44,000 |
| Total Additional Administrative Costs | $86,621 | $85,697 | $182,396 | $187,932 | $288,771 |

The remaining $47.9 million will be used by DACS to provide grants and technical assistance to eligible entities in accordance with the updated program guidelines.

**Section 4.1**

This section appropriates $140 million in recurring funds to establish the Targeted Military and Veteran Food Assistance Program within DACS for the purpose of addressing food insecurity among members of the military, military veterans, and military families. This section directs DACS to procure and distribute products grown or processed in the State to the extent practicable. The NC Department of Military and Veterans Affairs reported over 615,000 veterans in the State in 2023. The Military State Policy Source reported nearly 137,000 active duty and reserve military members and over 147,000 military spouses and children in North Carolina as of 2025. These funds could impact approximately 900,000 people in the State.

While there is no administrative spending cap specified, the section directs the department to use program funds for reasonable administrative expenses. DACS anticipates needing twelve additional FTE: one Program Analyst I, one Agricultural Program Specialist I, four Program Coordinator Is, one Business Officer I, one Administrative Specialist II, and four Commodity Distribution Representatives. These positions will also require start-up costs and annual operating needs such as travel, equipment, and educational supplies.

DACS anticipates using $25 million of available funds to contract with local partners across the State. DACS estimates a need for at least 50 partner organizations, each serving two counties, and will provide each partner organization with $500,000 annually to support their increased administrative and operating burden. The partner organizations will require additional staff, storage space, and equipment to operate a program of this capacity Statewide. The estimated annual administrative costs for this program are approximately $28.3 million, or 20%, of the total $140 million appropriation in FY 2026-27.

The table below shows the itemized costs for program administration and for the five-year fiscal note period, adjusted for inflation.

**Table 5:** Estimated administrative expenses to execute Section 4.1 of the bill.

| | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 |
|---|---|---|---|---|---|
| Position Costs | $745,794 | $772,070 | $797,579 | $820,711 | $847,477 |
| Operating Costs | $27,582,500 | $25,344,220 | $25,351,586 | $25,357,774 | $25,380,671 |
| Total Administrative Costs | $28,328,294 | $26,116,289 | $26,149,165 | $26,178,485 | $26,228,149 |
| Administrative Percentage | 20.23% | 18.65% | 18.68% | 18.70% | 18.73% |

The remaining $111.7 million will be used by DACS to provide grants and pass through funds to partner organizations to procure, purchase, and distribute food to military members and their families in accordance with the program guidelines.

**Section 4.2**

This section provides DACS with $20 million in nonrecurring funds in FY 2026-27 for grants to nonprofits and local governments to administer food assistance programs targeted at expanding and strengthening food storage, transportation, coordination, and distribution capacity.

DACS anticipates needing to hire two time-limited positions, one Agricultural Program Specialist I and one Administrative Specialist I, to administer these funds starting on January 1, 2028, and operating for three years. These positions will also require startup and operating costs for a total administrative expense of approximately $169,000 per calendar year.

The table below shows the itemized costs for administration of the program and for the five-year fiscal note period adjusted for inflation.

**Table 6:** Estimated administrative expenses to execute Section 4.2 of the bill.

| | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 |
|---|---|---|---|---|---|
| Position Costs | $67,602 | $140,029 | $144,712 | $74,480 | -- |
| Operating Costs | $14,900 | $28,640 | $29,252 | $14,884 | -- |
| Total Administrative Costs | $82,502 | $168,668 | $173,965 | $89,363 | -- |

The remaining $19.5 million will be used by DACS to provide grants to eligible entities to expand and strengthen food distribution programs in the State.

**Section 5.1**
This section appropriates $8 million in recurring funds to establish a Mobile Markets and Food Bank Grant Program within DACS and in consultation with DHHS for the purpose of expanding food access in rural and underserved areas in the State. Grant funds may be used to establish, expand, or operate food distribution activities. Eligible entities include food banks/pantries, nonprofit organizations, units of local government, and tribal governments. The section directs DACS to prioritize grant projects that serve rural communities, areas with high rates of food insecurity, and populations with limited access to traditional retail food outlets.

While there is no administrative spending cap specified, the section directs the department to use program funds for reasonable administrative expenses. DACS anticipates needing to hire five FTE to administer this program including one Agricultural Program Specialist I, one Administration Officer, and three Program Coordinators with one coordinator located in each of the coastal, mountain, and piedmont regions. These positions will also require startup and operating costs for a total administrative expense of approximately $782,000 in FY 2026-27, or 9.78% of available funding, leaving approximately $7.2 million available for grants.

The table below shows the itemized costs for administration of the program and for the five-year fiscal note period adjusted for inflation.

**Table 7:** Estimated administrative expenses to execute Section 5.1 of the bill.

| | FY 2026-27 | FY 2027-28 | FY 2028-29 | FY 2029-30 | FY 2030-31 |
|---|---|---|---|---|---|
| Position Costs | $324,674 | $336,190 | $347,371 | $357,510 | $369,242 |
| Operating Costs | $457,500 | $164,375 | $167,892 | $170,847 | $173,649 |
| Total Administrative Costs | $782,174 | $500,565 | $515,263 | $528,357 | $542,890 |
| Administrative Percentage | 9.78% | 6.26% | 6.44% | 6.60% | 6.79% |

The remaining $7.2 million will be used by DACS to provide grants to eligible entities and partner organizations to expand access to nutritious food in the State.

## Technical Considerations

N/A

## Data Sources

June 2025 BD 701 for the Department of Health and Human Services, The Department of Agriculture and Consumer Services, the Department of Military and Veterans Affairs, the Military State Policy Source

## Legislative Fiscal Note – Purpose and Limitations

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives.  The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document.  This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

## CONTACT INFORMATION

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